



NASA Procedural Requirements

COMPLIANCE IS MANDATORY

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Cash Management and Improper Payments

Responsible Office: Office of the Chief Financial Officer

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Preface

P.1 Purpose

This NASA Procedural Requirements (NPR) provides the financial management requirements for cash management reviews and compliance with improper payment policies and regulations.

P.2 Applicability

This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This language applies to JPL, other contractors, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

P.3 Authority

- a. 31 U.S.C. § 3521, Audits by Agencies.
- b. 31 U.S.C. § 3526, Settlement of Accounts.
- c. 31 U.S.C. § 3527, General Authority to Relieve Accountable Officials and Agents from Liability.
- d. 31 U.S.C. § 3528, Responsibilities and Relief from Liability of Certifying Officials.
- e. 31 U.S.C. § 3530, Adjusting Accounts.
- f. 31 U.S.C. § 3532, Notification of Account Deficiencies.
- g. 40 U.S.C. Chapter 15, Government Losses in Shipping.
- h. 44 U.S.C. § 3504, Authority and Functions of the Director.
- i. Chief Financial Officers Act of 1990, Public Law 101-576.
- j. Debt Collection Improvement Act of 1996, Public Law 104-134, Section 31001, 110 Stat. 1321-358.
- k. 4 CFR Part 101 - 105, "Federal Claims Collection Standards (Government Accountability Office - Department of Justice)."
- l. 5 CFR Part 1315, "Prompt Payment."
- m. 31 CFR, "Money and Finance: Treasury. Subtitle B, Regulations Relating to Money and Finance, Chapter II Fiscal Service, Department of the Treasury."
- n. 31 CFR Part 202, "Depositaries and Financial Agents of the Federal Government."
- o. 31 CFR Part 206, "Management of Federal Agency Receipts, Disbursements, and Operation of the Cash Management Improvements Fund."
- p. 31 CFR Part 208, "Management of Federal Agency Disbursements."
- q. 31 CFR Part 210, "Federal Government Participation in the Automated Clearing House."

- r. Federal Acquisition Regulation, Part 32.11, "Electronic Funds Transfer Regulation."
- s. Office of Management and Budget (OMB) Circular No. A-102, *Grants and Cooperative Agreements with State and Local Governments*.
- t. OMB Circular No. A-110, *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations* (Relocated to 2 CFR Part 215).
- u. OMB Circular No. A-123, *Management Accountability and Control*.
- v. OMB Circular No. A-123, *Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments*.
- w. OMB Circular No. A-127, *Policies and Standards for Financial Management Systems*.
- x. OMB Circular No. A-129, *Policies for Federal Credit Programs and Non-Tax Receivables*.
- y. OMB Circular No. A-136, Section II.5.7, *Improper Payments Information Act Reporting Details*.
- z. Treasury Financial Manual, Volume I, Federal Agencies.
- aa. Treasury Financial Management Service, Debt Management Services, Cross Servings Division, Cross-Servicing Implementation Guide, Revised May 2005.
- bb. NASA Policy Directive (NPD) 9010.2, "Financial Management."

P.4 Applicable Documents

- a. NPR 9010.3, "Financial Management Internal Control."
- b. NPR 9631.1, "Disbursements."
- c. NPR 9635.1, "Billings and Collections."

P.5 Measurement/Verification

Quality assurance reviews and analysis of financial and budgetary reports and data submitted through the continuous monitoring program will be used to measure compliance with this NPR.

P.6 Cancellation

None.

/S/

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Chapter 1. General Overview

1.1 Overview

1.1.1 This NPR establishes cash management requirements for disbursing and collection activities including debt collection for the National Aeronautics and Space Administration (NASA). Additionally, this NPR covers improper payment and loss of cash. The provisions of this NPR supplement laws and regulations cited in the Authority section. This NPR consists of the following chapters:

- a. Chapter 1: General Overview
- b. Chapter 2: Cash Management Reviews
- c. Chapter 3: Improper Payments and Loss of Cash
- d. Chapter 4: Electronic Funds Transfer

1.2 Agency Requirements

1.2.1 Cash Management.

1.2.1.1 NASA is required by the Department of Treasury (Treasury) (Treasury Financial Manual, Volume 1, Part 6, Chapter 8000) to monitor the efficiency, effectiveness, and profitability of the cash management practices.

1.2.1.2 The monitoring of cash management shall include a methodology to ensure that NASA's cash management review is completed for receipts and disbursements.

1.2.1.3 Treasury has the right to periodically review NASA's cash management program to ensure that adequate progress is being made to improve cash management. If Treasury determines that cash management improvements are required, NASA will be required to develop cash management initiatives. Chapter 2 of this NPR contains the policy for cash management reviews.

1.2.2 Improper Payments

1.2.2.1 NASA is required to comply with the provisions of the Improper Payment Improvement Act (IPIA) of 2002. NASA shall perform reviews of programs and projects and conduct risk assessments in accordance with the Office of Management and Budget (OMB) guidance. Refer to Chapter 3 of this NPR for additional information.

1.3 Roles and Responsibilities

1.3.1 Agency Chief Financial Officer (CFO) and Deputy CFO (DCFO) shall:

- a. Coordinate and monitor the policies, processes and systems used to process, record, and report NASA's cash activities for disbursement and collection activities including debt collection.
- b. Review and, if appropriate, approve requests for waivers to specific provisions of these requirements.
- c. Establish and monitor policy on foreign cash transactions of the Centers.

- d. Evaluate and approve requests for international agreements requiring cash payments.
- e. Provide guidance as to the detail to be included on reports to Government Accountability Office (GAO) on improper payments and requests for relief of improper payments.
- f. Designate a person responsible to handle the reporting to GAO on improper payments and requests for relief for improper payments.

1.3.2 The Quality Assurance Division shall ensure internal reviews of payments performance and systems accuracy have been conducted as required by Treasury and Office of Budget and Management (OMB).

1.3.3 The NASA Shared Services Center (NSSC) financial managers shall:

- a. Incorporate the requirements in this NPR into their billing and collection, accounting, and disbursing activities.
- b. Abide by other regulations and business rules established by the Treasury, General Services Administration (GSA) or OMB that impact disbursements and collection activities including debt collection.
- c. Monitor the efficiency, effectiveness, and economy of cash management practices. To ensure effective cash management, the job elements of Center and NSSC personnel responsible for receipts and disbursements should include cash management as a critical performance measurement.
- d. Conduct annual cash management reviews that will:
 - (1) Determine if funds are being collected and disbursed by Electronic Funds Transfer (EFT) to the maximum extent possible.
 - (2) Determine if billings, collections, and deposits are occurring in a timely manner.
 - (3) Determine if disbursements are processed timely and accurately, properly documented, and are being made in accordance with 5 CFR 1315, "Prompt Payment."
 - (4) Determine if opportunities exist to implement new mechanisms or processes or to upgrade existing mechanisms or processes.
 - (5) Determine if adequate internal controls are in place.
- e. Make documentation available to the Agency CFO and DCFO summarizing reviews of cash management practices. Required reports will be retained and made available for examination through the Quality Assurance process.
- f. Keep disbursement and accounting records accurate and in balance from contract execution through closeout.
- g. Provide Certifying Officers with assistance needed to be satisfied a payment is proper. This may include demonstration, documentation, or providing audit reports and evaluations that validate that systems, controls, and other methods used to process transactions and verify payments can be relied upon.
- h. Be responsible for establishing with the Treasury Financial Management Service (FMS) the necessary information at the transaction level to allow Treasury to process payments and collections and to maintain the accurate status of NASA appropriation and fund accounts.
- i. Submit requests for waivers to specific provisions of these requirements to the Agency CFO and

DCFO for consideration. Such requests should identify the specific requirement; state the reason for the request; the period of time to be covered by the waiver; and any documentation in support of the request.

j. Review cash management practices for compliance with NPR 9010.3, "Financial Management Internal Control."

k. Conduct internal reviews of operational and systems performance and accuracy, consistent with the CFO Act requirements. Internal reviews, if done by another party that are consistent with this requirement, may be relied upon if otherwise appropriate.

l. Employ controls that limit access to data that are electronically transmitted, including appropriate segregation of duties. Such controls shall provide reasonable assurance that deliberate or inadvertent manipulation, modification, or loss of data during transmission is prevented and detected.

m. Forward request for foreign international agreements to the Agency CFO and DCFO for approval.

Chapter 2. Cash Management Reviews

2.1 Overview

2.1.1 This chapter provides NASA's requirements for cash management reviews. These reviews are intended to provide assurance of compliance with Federal Government cash management regulations and to provide Center and NSSC management with information to facilitate improvements in cash management operations.

2.2 Agency Requirements

2.2.1 Annual cash management reviews shall be conducted which encompass all areas of the cash management functions, at a level that will support a decision by the reviewer as to whether or not the function is being administered in accordance with the policies and procedures set forth in relevant laws and regulations and the financial management NPRs. The review will:

- a. Determine if NASA is collecting and disbursing funds by Electronic Funds Transfer (EFT).
- b. Determine if NASA is billing, collecting, and depositing funds in a timely manner.
- c. Determine if NASA is making disbursements according to 5 CFR Part 1315, "Prompt Payment."
- d. Document NASA cash-flows to include all collections and disbursements.
- e. Determine whether an opportunity exists to implement a better mechanism or process, or upgrade an existing mechanism or process.

2.2.2 The NSSC's reviewers shall be independent of the activity under review. Reviewers shall:

- a. Conduct interviews with cognizant personnel to ensure that policies and procedures are readily accessible. Ascertain that adequate training has been provided to ensure that a level of competency exists to properly administer the function.
- b. Examine NSSC's internal control policies and actual practices in the various cash management functions to confirm that controls are effective and processes are efficient. This examination shall include, at a minimum, assessments as to whether:
 - (1) Duties are appropriately segregated, including obligating funds and processing and certifying payments.
 - (2) The level of employees' access to computer systems is appropriate in relation to their assigned duties.
 - (3) Periodic reconciliations of cash receipt logs to deposits are performed to minimize the risk of cash receipts being misdirected or misappropriated and whether the reconciliations are performed by someone without access to the receipts at any point in the process.
 - (4) Check receipts are restrictively endorsed as soon as they are received.
- c. Sample bills rendered at various times during the period covered by the review to ensure the requirements of NPR 9635.1, "Billings and Collections", are met.
- d. Sample delinquent accounts receivable at various times during the period covered by the review to

determine whether policies required by NPR 9635.1, "Billings and Collections", are met. Determine whether the Centers and NSSC are referring delinquent debts to Treasury on a timely basis.

e. Sample bank deposits made at various times during the period covered by the review to ascertain whether deposits meet the requirements of NPR 9635.1, "Billings and Collections", Chapter 2, Deposits.

f. Statistically sample invoice payments to determine if invoices were paid in a timely manner. Include in the report if the extent and dollar amount the sample indicates that invoices were paid on time and the extent and dollar amount the sample indicates of interest payments made due to late payment.

g. Review a sample of contract financing payments.

h. Assess NSSC's compliance with EFT provisions of the Debt Collection Improvement Act of 1996. EFT requirements are also provided in Chapter 4 of this NPR.

2.3 Roles and Responsibilities

2.3.1 NSSC financial managers shall:

a. Ensure cash management reviews are performed annually.

b. Supply an evaluation of the reviews to the Headquarters Office of Chief Financial Officer (OCFO) and keep a copy of review.

c. Review the OCFO Quality Assurance Division internal control reviews and take the following actions:

(1) Provide comments supported by reason and evidence as to agreement or disagreement of the finding to the Agency CFO and Deputy CFO.

(2) List actions and estimated effective date of any corrections or improvements in the report to the Agency CFO and Deputy CFO and report to the Agency CFO and Deputy CFO when corrections or improvements are implemented.

Chapter 3. Improper Payments and Loss of Funds

3.1 Overview

3.1.1 This chapter provides NASA's requirements for compliance with the Improper Payments Information Act (IPIA) of 2002. This chapter also addresses the accountable officials' responsibilities for ensuring payments are proper and their liability for improper payments. NASA accountable officials include Certifying Officers and Collection Agents.

3.2 Agency Requirements

3.2.1 Improper Payment Reviews, Risk Assessments, and Reporting Requirements.

3.2.1.1 To comply with the provisions of OMB Circular No. A-123, Appendix C, NASA shall review all programs and projects and identify those which may be susceptible to significant erroneous payments.

3.2.1.2 Risk Assessments.

- a. Annual risk assessments are required for all NASA programs and projects where the level of risk is unknown until the risk level is determined and the baseline estimates are established (if applicable).
- b. For programs and projects deemed not risk susceptible, NASA shall conduct risk assessments every three years.
- c. NASA is not required to conduct a formal risk assessment if improper payment baselines have already been established, in the process of being measured, or will be measured by an established date for a program or project.
- d. If a program or project experiences a significant change in legislation and/or a significant increase in funding level, NASA shall re-assess the program or project's risk susceptibility during the next annual cycle, even if it is less than three years from the last risk assessment.
- e. In OMB Circular No. A-123, Appendix C, OMB provides several steps that agencies should follow to determine whether the risk of improper payments is significant. NASA personnel requiring this information should refer to the OMB circular.

3.2.1.3 Reporting Requirements. NASA report preparers shall refer to OMB Circular No. A-136 for detailed reporting requirements and format for reporting improper payments and recovery auditing activities.

3.2.2 Certifying Officers' Accountability.

3.2.2.1 Certifying Officers have a responsibility to verify proposed payments are legal, proper and correct. The verification involves certifying a voucher upon which a disbursement will be made. The Certifying Officer's certification of a voucher is an assertion of the appropriateness of each payment on the voucher entailing a level of accountability for:

- a. The existence and correctness of the computations and facts stated in a voucher and its supporting

records.

b. The legality of the proposed payment under the particular appropriation or fund charged for the disbursement (officials designated as Certifying Officers for payments are not responsible for assuring the availability of funds).

c. Any illegal, improper or incorrect payment resulting from any false, inaccurate or misleading certification, as well as for any payment prohibited by law. Certifying Officers shall be held accountable for and required to make good to the United States the amount of such payments.

d. Compliance with internal controls established to safeguard and protect the interest of the Government.

3.2.2.2 The certification of a voucher is to be performed according to the informed judgment of the Certifying Officer based upon the facts establishing the legality and propriety of the claim.

3.2.2.3 Coercion or administrative pressure will not be used to obtain a certification. This does not prohibit discussing any facts or circumstances bearing on invoices with a view toward expediting settlement.

3.2.2.4 If improper payments cannot be recouped by collection, stop payment, or other means, unless relieved of liability the Certifying officer is held personally liable for repayment for amounts on vouchers he/she approves with his/her certification where there is:

a. An illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certification made by the officer.

b. A payment prohibited by law or which did not represent a legal obligation under the appropriation or fund involved.

3.2.3 Collection Agents' Accountability.

3.2.3.1 Unless relieved of liability, Collection Agents are held personally liable for physical loss of funds. Collection Agent's responsibilities form a basis for safeguarding the loss of funds and include:

a. Keeping receipts and records for:

(1) Collections received.

(2) Collections not deposited.

(3) Collections in transit to be deposited.

(4) Confirmations of deposits made.

(5) Monitoring the proper crediting of amounts deposited.

b. Adequate fiscal control including:

(1) Locking funds in a safe.

(2) Not permitting unauthorized access to funds.

(3) Assuring that transfers of accountability are documented and approved.

c. Observing internal control procedures.

3.3 Roles and Responsibilities

3.3.1 NASA accountable officers shall:

- a. Verify all proposed payments are legal, proper, and correct.
- b. Review all programs and projects to determine which programs and projects are susceptible to significant improper payments.

3.3.2 NASA Headquarters Mission Directorates and Support Offices, NASA Centers, NASA Shared Services Center, and NASA's Component Facilities shall comply with the authorities listed in Section P.3 and the requirements provided in this NPR.

Chapter 4. Electronic Funds Transfer

4.1 Overview

4.1.1 This chapter provides the requirements for using Electronic Funds Transfer (EFT) as the electronic mechanism for collecting and disbursing funds. The Federal Government utilizes electronic technologies for the management of collections and disbursements to meet goals of cost savings, paper elimination, and other efficiencies. Key EFT legislation is identified below:

- a. The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576) provides a foundation for comprehensive reform of Federal financial management, including Federal agencies' responsibility to use timely, reliable, and comprehensive financial information and systems. Treasury FMS is tasked to promote the use of EFT for all agencies to improve their cash management practices.
- b. The Debt Collection Improvement Act of 1996, Public Law 104-134, (Section 31001, 110 Stat. 1321-358) encourages electronic collection mechanisms and requires Federal agencies to disburse payments via EFT, with few exceptions.

4.2 Agency Requirements

4.2.1 All funds shall be collected and disbursed by EFT when cost-effective, practicable, and consistent with current statutory authority, unless specifically waived by Treasury or statute. When one of the three criteria above cannot be met, alternative collection and disbursement mechanisms shall be determined jointly with Treasury FMS. NASA may be required to provide a supporting cost benefit analysis when an alternative mechanism is used. Users should refer to the Treasury's TFM, Volume 1, Chapter 8000 for guidelines in which alternative collection and disbursement mechanisms may be used.

4.2.2 Several collection and disbursement mechanisms have been developed to meet the requirements of the authorities provided in section P.3 of this NPR. Users should refer to Treasury's TFM for detailed information on collection and disbursement mechanisms.

4.3 Roles and Responsibilities

4.3.1 NASA Headquarters, Centers, Component Facilities and NSSC managers shall disclose to each individual who is eligible to receive a Federal benefit, wage, salary, or retirement payment and who is not already receiving payment by EFT the individual's rights and obligations under 31 CFR 208.3, 208.4(a) and 208.5t, unless payment by EFT is not required pursuant to any provision of subsections (b) through (g) of 31 CFR 208.4.

4.3.2 NASA procurement offices shall ensure applicable EFT clauses are in contracts/ agreements.

4.3.3 The Secretary of the U.S. Treasury has delegated the authority to Treasury FMS to approve and select designated depositories to support government wide collection services and financial agents to act for Federal agencies. NSSC shall coordinate with Treasury FMS to establish depositories and financial agents for collections through financial institutions.

Appendix A. Definitions

A.1 Accelerated Payment. A payment made prior to the due date.

A.2 Acceptance. An acknowledgment by an authorized Government official that goods received and services rendered conform to the contract requirements. Acceptance also applies to partial deliveries.

A.3 Accountable Officer. A U.S. Government official or employee who, on behalf of the United States, receives and maintains public funds, certifies vouchers, or maintains or draws checks upon accounts of the United States, including those in depository banks designated by the Secretary of the Treasury. Accountable Officers are individuals who either certify payments (certifying officers) or have physical custody of government funds. Accountable Officers include Certifying Officials, Disbursing Officers, and Government officials that handle public moneys, authorize disbursements and process collections

A.4 Administrative Offset. As defined in 31 U.S.C. 3701(a)(1), means withholding funds payable by the United States (including funds payable by the United States on behalf of a State government) to, or held by the United States for, a person to satisfy a claim. The payee may be a natural person or persons, profit or non-profit corporation, partnership, association, trust, estate, consortium, or other entity which is capable of owing a debt to the United States Government except that agencies of the United States or of any State or local government shall be excluded.

A.5 Applicable Interest Rate. The interest rate established by the Secretary of the Treasury for interest payments under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. S 611) which is in effect on the day after the due date, except where the interest penalty is prescribed by other governmental authority (e.g., utility tariffs). The rate established under the Contract Disputes Act is referred to as the "Renegotiation Board Interest Rate," the "Contract Disputes Act Interest Rate," and the "Prompt Payment Act Interest Rate," and is published semiannually by the Fiscal Service, Department of Treasury, in the Federal Register on or about January 1 and July 1.

A.6 Approving Official. An individual who reviews cardholder statement(s), is responsible for authorizing cardholder purchases (for official use only), and ensures that statement is reconciled and submitted to the designated billing office in a timely manner. This term also refers to an official who provides government acceptance of specific goods or services needed for invoice payment.

A.7 Banking Information. Information necessary to facilitate an EFT payment, including the vendor's bank account number, and the vendor financial institution's routing number.

A.8 Cardholder. The individual Government employee to whom a Government purchase card is issued. The card bears the employee's name and can be used only by that employee for official purchases, in compliance with the agency's policies and procedures and General Services Administration's Government Commercial Credit Card Services contract.

A.9 Cardholder Statement. A statement, listing all transactions during the billing period sent to each cardholder.

A.10 Cash Flow. Each category of (1) incoming funds, including specific program sources, travel reimbursements, and collection of overpayments and (2) disbursements, including payroll, vendors, and travel.

A.11 Cash Management. Practices and techniques designed to accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and eliminate idle

cash balances.

A.12 Cash Management Review. A comprehensive and ongoing study of an agency's cash-flows and corresponding cash management processes or mechanisms, conducted to identify opportunities for improvement in an agency's cash management practices.

A.13 Certifying Officer. An employee of NASA to whom Treasury has granted the authority to approve vouchers on NASA's behalf for payment.

A.14 Check Custodians. NASA employees that have authority granted by Treasury to handle Treasury checks and check stock.

A.15 Collection Agent. A NASA employee designated to collect all monies due NASA pursuant to properly prepared billing documentation and for the expeditious and proper disposition of all monies received.

A.16 Collection Mechanism. A tool or system by which monies are transferred or credited to a Federal Government agency from an outside source or from another Federal Government agency.

A.17 Cutoff Time. A time pre-designated by a financial institution beyond which transactions presented or actions requested will be deferred to the next banking day's business.

A.18 Day. A calendar day including weekend and holiday, unless otherwise indicated.

A.19 Debtor. Any person, organization, or entity, other than another Federal agency that owes an amount of money to NASA.

A.20 Delegation of Authority. Authority established with Treasury to request Treasury to appoint officials for disbursing functions. A written delegation issued by responsible agency personnel that establishes authorized cardholder(s), specifying spending and usage limitations unique to that cardholder.

A.21 Delinquent Debt. Debt not paid by the date specified in the initial written notification (e.g., 14 CFR Chapter 5 Sec. 1261.407) or applicable contractual agreement, (including a post-delinquency payment agreement) unless other payment arrangements have been made.

A.22 Delivery Ticket. A vendor document supplied at the time of delivery which indicates the items delivered. A delivery ticket may serve as a proper invoice if based on contractual agreement.

A.23 Deposit. Money presented to a financial institution for credit to NASA at the Treasury General Account in the Federal Reserve System.

A.24 Depository. A bank or other financial institution designated by FMS to receive monies for credit to the Treasury. This term refers to the Federal Reserve Banks (FRB's) and general depositories, where deposits are made for credit to the account of Treasury.

A.25 Designated Agents. Individuals who receive and deliver checks drawn on NASA funds due and payable to others.

A.26 Designated Authority. Authority established with Treasury which will allow a person to perform the Certification of Vouchers and Payments, process disbursing data into the Treasury for payment.

A.27 Designating Official. A NASA employee to whom Treasury has granted authority to designate NASA employees as Certifying Officers, or Data Entry Operators who create payment certifications in the Treasury Secure Payment System.

A.28 Disbursement Mechanism. Any tool or system used to make payments.

A.29 Discount. An invoice payment reduction offered by the vendor for early payment.

A.30 Discount Date. The date by which a specified invoice payment reduction, or a discount, can be taken.

A.31 Due Date. The date on which Federal payments should be made.

A.32 Duplicate Check Losses. When a payee reports non-receipt of an original check, the government issues another, and both are negotiated.

A.33 Electronic Commerce. The integration of electronic-based systems to support common business processes. Electronic Commerce means the end to end electronic exchange of business information using electronic data interchange, electronic mail, electronic bulletin boards, electronic funds transfer, and similar technologies.

A.34 Electronic Data Interchange. The computer to computer exchange of routine business information in a standard format. The standard formats are developed and maintained by the Accredited Standards Committee of the American National Standards Institute.

A.35 Electronic Funds Transfer (EFT). Any transfer of funds, other than a transaction originated by cash, check, or similar paper instrument, that is initiated through an electronic terminal, telephone, computer, or magnetic tape, for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. The term includes, but is not limited to, Automated Clearing House and Fedwire transfers, Credit or Debit Card, or FMS' Intragovernmental Payment and Collection (IPAC) system.

A.36 Emergency Payment. A payment made under an emergency defined as a hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mud slide, snowstorm, drought, fire, explosion, or other catastrophe which requires Federal emergency assistance to supplement State and local efforts to save lives and property, and ensure public health and safety; and the release or threatened release of hazardous substances.

A.37 Fast Payment. A payment procedure under the Federal Acquisition Regulation at Part 13.4 which allows payment under limited conditions to a vendor prior to the Government's verification that supplies have been received and accepted.

A.38 Fiscal Irregularity. An irregularity involving a physical loss of funds or an improper payment.

A.39 Foreign Currency. Money of a country other than the United States.

A.40 Foreign Exchange. The system by which one currency is exchanged for another. This enables international transactions to take place.

A.41 General Depositaries. Designated commercial banks which have been specifically authorized by Treasury to maintain a demand account in the name of Treasury entitled "Treasury's General Account" for the purpose of accepting deposits for credit in such account.

A.42 Government Purchase Card. Internationally accepted credit card available to all Federal agencies under a single General Services Administration contract for the purpose of making small purchases of up to \$25,000, with a minimum of paperwork. These credit card services are available under a contract awarded by GSA for Governmentwide use.

A.43 Improper Payment. The term improper payment means any payment that should not have

been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. Improper payment includes any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, and any payment that does not account for credit for applicable discounts. When an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an error.

A.44 Interim Payment. Any payment that is not a commercial advance payment or a delivery payment. A commercial interim payment is given to the contractor after some work has been done, whereas a commercial advance payment is given to the contractor when no work has been done.

A.45 Payment Date. The date on which a check for payment is dated or the date of an EFT payment (settlement date). Payments by EFT mechanism will be made so as to be received by the contractor's financial institution by the established due date.

A.46 Physical Loss. A shortage of public funds in an account resulting from such things as (1) theft (burglary, robbery, embezzlement, etc.), (2) loss in shipment, and (3) destruction by fire, accident or natural disaster. An unexplained shortage (a shortage with no apparent reason or explanation) is also treated as a physical loss.

A.47 Prevailing Rate of Exchange. The most favorable rate legally available to the U.S. Government for the acquisition of foreign exchange for U.S. Government official disbursement and accommodation exchange transactions.

A.48 Rebate. A monetary incentive offered to the Government by Governmentwide commercial purchase card issuers to pay purchase card invoices early.

A.49 Receiving Office. The entity which physically receives the goods or services, and may be separate from the accepting entity.

A.50 Receiving Report. Written or electronic evidence of receipt of goods or services by a Government official.

A.51 Recurring Payments. Payments for services of a recurring nature, such as rents, building maintenance, transportation services, parking, leases, and maintenance for equipment, pagers and cellular phones, etc., which are performed under agency vendor agreements providing for payments of definite amounts at fixed periodic intervals.

A.52 Referral for Litigation. Referral through the NASA Headquarters or Center legal counsel to the Department of Justice (Main Justice or the United States Attorney, as appropriate) for legal proceedings.

A.53 Systems, Applications and Products (SAP). Refers to the centralized agency-wide accounting system NASA uses as a part of the Integrated Enterprise Management Program (IEMP).

A.54 Secure Payment System (SPS). FMS provides the SPS as a mechanism by which government agencies can create payment schedules in a secure fashion, and with a strictly enforced separation of duties using web based technology.

A.55 Settlement Date. For payments, the date the receiving financial institution's Federal Reserve account is credited and Treasury's account is debited. For collections, the date the Federal Reserve account of the remitter's financial institution is debited and the Treasury's account is credited.

A.56 Small Purchase. An acquisition of supplies, non-personal services or construction in the amount of \$25,000 or less.

A.57 Tokens. Cryptographic keys or passwords for proving identity or disbursing cash.

A.58 Taxpayer Identifying Number (TIN). The nine digit Employer Identifying Number or Social Security Number as defined in Section 6109 of the Internal Revenue Code of 1986 (26 U.S.C. 6109).

A.59 Translate. The act of determining U.S. dollar equivalents of foreign currency amounts.

Appendix B. Precautions to Avoid Irregularities

B.1 NASA Accountable Officers shall make reasonable use of the following to prevent improper payments.

B.1.1 Advance Decision on Certification. Certifying Officers, who may be concerned about the legality or appropriateness of a certification or have a question of law, have a right to an advance ruling.

a. Any questions of law involving payments of \$100.00 or less, which cannot be resolved locally to the satisfaction of the Certifying Officer, may be referred to the Agency CFO and DCFO for review and advice. Certifying Officers may rely on written advice from the Agency CFO and DCFO, as to propriety of the payment. Such payments will be considered conclusive by the Agency in settlement of the accounts of the Certifying Officers.

b. Referrals to the Agency CFO and DCFO should be in the form of a letter and, whenever possible, be accompanied by a copy of the uncertified invoice or claim and other pertinent supporting documents. The letter, constituting an administrative report, should contain the following:

(1) A statement of the facts out of which the claim arose.

(2) A statement of the doubt or other reason for forwarding the claim.

(3) A recommendation as to the disposition believed to be proper.

c. Upon reaching a decision, the Agency CFO or DCFO will provide a written response to the Certifying Officer, who shall enclose a copy of the advice with the original invoice.

d. If a payment is for more than \$100.00 and the Center Chief Counsel is unable to resolve the propriety of the payment, the question may be referred to the Agency CFO and DCFO for resolution.

B.1.2 Reasonable Reliance. Often due to a large number of transactions, automated systems, cross servicing arrangements, and prompt payment considerations, it is not practical to perform a personal examination of each transaction certified. Nonetheless, NASA Certifying Officers must be reasonably assured they can rely on systems, controls, personnel, and other methods used to process transactions and verify payments. In regard to reasonable reliance issues, NASA shall consider the following:

a. Indicators for reasonable reliance are present, including:

(1) Well-defined organizational structure and flow of work, with appropriate separation of responsibilities and clearly written policies and procedures governing the examination, approval, and certification of disbursement vouchers.

(2) Effective application of available technology with separation of duties and concepts to achieve efficient and effective voucher processing.

(3) Review of the voucher processing procedures and controls in sufficient scope, depth, and frequency that key processing procedures and controls are known to be working and reliable.

b. When performing certifying duties, the title "Authorized Certifying Officer" shall be used. The date of certification and the name will be typed, stamped or printed below the space for the signature

on vouchers, schedule of payments, and on official correspondence (1 TFM 4-2040). In automated systems, evidence that payments are accurate and legal must relate to the system rather than to individual transactions. Certifying Officers should request information showing that the system is functioning properly and can be relied on to produce payments that are accurate and legal. Reviews should be made at least annually or with interim checks of major system changes. Electronic certification is legal, as long as it has adequate safeguards. The electronic symbol or user signature must be unique to the Certifying Officer, capable of being verified, and under his or her sole control or custody. The Department of the Treasury's Financial Management Service offers electronic certification systems, which when used in accordance with applicable requirements, satisfy the statutory requirements for voucher certification and payment.

c. Should the Certifying Officer believe factors exist that prevent certification of vouchers including systems, controls, personnel, and methods that can not be reasonably relied upon, the Certifying Officer shall point out the weaknesses to the appropriate NASA officials and use alternative procedures and/or controls that can be reasonably relied upon. NASA officials are responsible to provide conditions whereby a Certifying Officer can perform his duties with reasonable reliance.

B.1.3 The best protection for those in physical custody of funds to avoid loss of funds is the exercise of due diligence in performing their responsibilities.

Appendix C. Resolving and Reporting Irregularities

C.1 Potential Incorrect Payment. When notified by the Office of Inspector General (OIG) or other audit organization that a question has been raised regarding a potential incorrect payment, Centers or NSSC will obtain supporting data, documents, and information necessary to determine the propriety of charges to or payments from appropriations or other sources of public funds. Prompt attention will be given by the OIG to resolve the area in question and make a final determination if the payment in question was made incorrectly. If the final determination concludes that an incorrect payment was not made, no further action will be required. If the final determination results in an exception to the payment, the following action will be required:

a. The exception is forwarded to the Certifying Officer and the location where the records are kept, unless otherwise requested by an appropriate NASA official. If the responsible Certifying Officer is no longer available, the current one will receive the exception.

b. The Certifying Officer can reply to the exception and submit any related correspondence, along with the original invoice, to the OIG or the requesting audit activity that:

(1) Provides evidence of repayment by the payee or

(2) Request a reconsideration of the exception.

(3) With the evidence of payment, the OIG or the auditing activity will enter the date that the exception was removed on the invoice and supporting documentation and return the documents to the Certifying Officer.

(4) Under the reconsideration request, the OIG or auditing activity will expeditiously furnish an explanation that clearly explains why or why not the exception has been reversed and make a representation as to whether or not an accountable loss is involved.

(5) When an incorrect payment is found, an account receivable should be established and action should be taken to collect the erroneous payment.

C.2 A physical loss of funds will be reported to the OIG through the OCFO.

C.3 Internal Report on Irregularities. The Center CFOs will make an internal Agency report on irregularities including documentation on resolution and attempts to resolve to the Agency CFO and DCFO. The report shall be made as follows:

a. Reports must be prepared on:

(1) Shortages due to physical loss of public funds.

(2) Illegal, improper, or incorrect payments, including disbursements resulting from fraud, forgery, alterations of vouchers and other improper practices.

(3) Improper accounting for receipts.

(4) Any other irregularity which involves accountability to the United States. Irregularities include all items adversely affecting the accounts of accountable officers, including disclosures by agency examinations of disbursement and collection transactions and subsequent internal review.

b. The internal report should include:

- (1) Type of irregularity.
- (2) Date.
- (3) Amount.
- (4) Names and positions of the Certifying Officer(s) and others involved.
- (5) Reference to pertinent supporting documents.
- (6) Description of how the improper payment occurred and how it affected the Certifying Officer's other official accounts.
- (7) Description of the procedural deficiencies, if known, that caused the irregularity and the corrective action taken or to be taken.
- (8) Information on any recoupment already made or being considered.

c. Documentation for resolution of irregularities must be filed with the report and includes:

- (1) Whether the questioned items were proper.
- (2) Whether recovery was made from the recipient or Certifying Officer.
- (3) If waived (granted relief), documentation shall also include:
 - (a) Amount waived.
 - (b) Statute allowing the waiver.
 - (c) Credit granted to was authorized by law.
 - (d) Any administrative determinations required by the applicable relief statute, when relief is granted by NASA.
 - (e) Other authorized administrative actions to resolve the irregularity.
 - (f) Any determinations denying relief.

C.4 Reporting Repayments to Certifying Officer Accounts.

C.4.1 All correspondence received by Certifying Officers regarding repayments of amounts determined as a result of an audit to have been incorrectly paid, will be reported back to the appropriate OIG or audit organization.

C.4.2 Single Repayment. If the indebtedness is liquidated promptly by a single repayment, the repayment should be reported to the responsible audit organization on a copy of the invoice or by letter, email, or data fax.

C.4.3 Installment Repayments. When repayments are to be made in installments, the specific arrangements with the debtor will be reported to the audit organization. The OCFO will report installment repayments to the responsible audit organization on a copy of the invoice or by letter, email or data fax, as of June 30 and December 31, within 15 days of those dates. Other dates for reporting repayments are permissible if agreed to by the responsible audit organization.

C.5 Timely Resolution of Irregularity. If resolved within 2 years after the date the accounts are made available to the Government Accountability Office (GAO) for audit, reporting it to GAO is not

necessary.

C.6 Reports on Irregularities to GAO. If not resolved within 2 years after the date the accounts are made available to GAO for audit, a copy of the internal report shall be submitted to GAO by the OCFO or its designee to the OIG who submits to GAO. Reports to GAO are not needed if:

- a. The improper payment is \$100 or less.
- b. The improper payment is a result of the following check losses:
 - (1) Duplicate check losses under \$3,000.
 - (2) Losses resulting for mechanical or clerical error during the check issuance process under \$3,000.
- c. When the unrecovered portion of the loss is subject to routine ongoing collection mechanisms agreed to by the debtor.

C.7 Relief from Personal Liability.

C.7.1 A Certifying Officer may not escape the liability for losses resulting from an erroneous certification due to the inability to personally ascertain that the invoices were correctly stated or to rely upon the statements and computations of subordinates or others. A Certifying Officer relying on actions of another employee is held responsible for losses resulting from an erroneous certification unless it is shown that the true facts could not have been known in the reasonable exercise of care and diligence.

C.7.2 Certifying Officers will not be held liable for payments made pursuant to "claims settlement certificates" issued in the name of the Comptroller General.

C.7.3 Certifying Officer will not be held liable for payments made in accordance with settlement decisions issued by NASA Officials.

C.7.4 Certifying Officer will not be held responsible for any overpayments on transportation requests or on Government bills of lading due to use of improper rates, classification, or on commercial documentation used by ocean carriers, or failure to deduct the correct amount under land-grant laws or equalization, or other agreements (31 USC 3528(c)). Verification of rates or classifications pursuant to tariffs or equalization and other agreements is unnecessary.

C.7.5 If the NASA Center CFO determines relief from liability for either a Certifying Officer, who allegedly approved an improper payment, or an accountable officer, due to physical loss of funds, the following may be done:

- a. The NASA Center CFO may grant relief of liability for improper payments less than \$3,000 provided that:
 - (1) Upon discovery of an incorrect payment, the Certifying Officer took every practical effort to recover the payment, and advised the Center CFO of the occurrence of the loss.
 - (2) The Center CFO:
 - (a) Has examined the facts.
 - (b) Made a concerted effort to find affix responsibility.
 - (c) Assured steps have been taken to recover the amount.
 - (3) If a determination is made that the responsibility for the incorrect payment should not be placed on any employee or employees, the Center CFO should seek relief from liability for the Certifying

Officer from Agency CFO and DCFO.

b. For irregularities of \$3,000 or higher, the NASA Center CFO shall submit a request for relief to the Agency CFO and DCFO which then will be forwarded to the OIG who will handle the reporting to GAO.

(1) The request will be submitted at the end of the two year period or sooner.

(2) The request will include:

(a) A copy of the NASA internal improper payment report.

(b) Description of collection actions taken.

(c) Identification of an appropriation or fund to be charged if an account adjustment is deemed necessary.

(d) Information showing that there was a reasonable basis for relying on the procedures and controls in an automated system if the relief requested is based on a contention that the loss resulted from such reliance.

(e) Any administrative determinations required by the applicable relief statute.

(f) Written statement by the accountable officer or a notation by NASA that the accountable officer chooses not to submit a separate statement.

(g) If adjustment of accounts is deemed necessary by NASA, the request should indicate which appropriation or fund is to be charged, name and symbol.

C.7.6 The Settlement Process.

C.7.6.1 The controller, GAO will grant relief or issue an exception to the request for relief from liability for irregularities. An exception will require repayment be made by the accountable officer and the repayment reported to GAO.

C.7.6.2 Standards for relief are:

a. The certification was based on official records and the accountable officer did not know, and by reasonable diligence and inquiry could not have discovered, the correct information.

b. The obligation was incurred in good faith, the payment was not specifically prohibited by statute, and the government received value for the payment.

C.7.6.3 Standards of relief for physical loss of funds are:

a. The loss occurred while the officer was performing official duties or that the loss resulted from an act or omission by one of the officer's subordinates.

b. The loss was not the result of fault or negligence on the part of the accountable officer.

c. The loss was not the result of an improper payment.